

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 0280-01
BILL NO.: HB 86
SUBJECT: Business and Commerce; Employees - Employers; Gambling.
TYPE: Original
DATE: February 13, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Lottery Proceeds for Education	(unknown)	(unknown)	(unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Lottery Commission (LOT)** state there are 5,000 lottery retailers in the state that employ an average of 30 persons per location, or 150,000 employees. The LOT assumes that these 150,000 employees would spend \$1 per day each for 365 days in a year, resulting in gross sales from employees of \$54,750,000 per year. Using the 30% profit margin on these sales, this would result in a loss to the Lottery Proceeds for Education Fund of \$16,425,000.

Oversight assumes that not all employees of lottery retailers purchase lottery tickets. Oversight also assumes that employees of lottery retailers wishing to play the lottery will still purchase the tickets, but at other locations. Therefore, Oversight assumes the loss in revenue to the Lottery Proceeds for Education Fund would be unknown, but minimal.

Officials from the **Office of the State Courts Administrator** and the **Office of the State Public Defender** assume this proposal would not fiscally impact their respective agencies.

In response to similar legislation from last year, officials from the **Office of Prosecution Services** assumed this proposal would not fiscally impact their agencies.

In response to similar legislation from last year, officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY99 average \$35.61 per inmate, per day) or through supervision provided by the Board of Probation and Parole (FY 99 average \$2.47 per offender, per day).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low status of the crime enhances the possibility of plea-bargaining.

Supervision by the DOC through probation would result in some additional costs, but DOC officials assumed that the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

L.R. NO. 0280-01
BILL NO. HB 86
PAGE 3 OF 4
February 13, 2001

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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LOTTERY PROCEEDS FOR EDUCATION

<u>Loss</u> - Decline in lottery sales to employees of lottery retailers	(unknown)	(unknown)	(unknown)
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NET EFFECT ON THE LOTTERY PROCEEDS FOR EDUCATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses that are licensed game retailers would be expected as a result of this proposal.

DESCRIPTION

This proposal prohibits licensed game retailers from selling lottery tickets or shares in lottery games to their own employees and prohibits employees of licensed game retailers from purchasing lottery tickets or shares in lottery games from their employers. If the retailer has more than one location, employers may sell and employees may purchase tickets or shares from other locations. Violation is a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RAS:LR:OD:005 (9-94)

L.R. NO. 0280-01
BILL NO. HB 86
PAGE 4 OF 4
February 13, 2001

SOURCES OF INFORMATION

Missouri Lottery Commission
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Corrections

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
February 13, 2001